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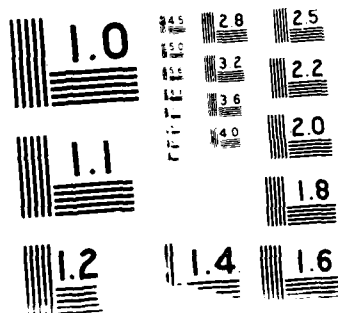
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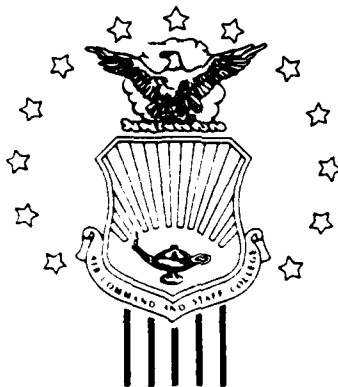




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AIR COMMAND AND STAFF COLLEGE

STUDENT REPORT

SPECIALIZED MANAGEMENT PROGRAM IMPACTS
ON AIR FORCE SYSTEMS COMMAND MANNING

MAJOR RANDALL L. SOILEAU

88-2455

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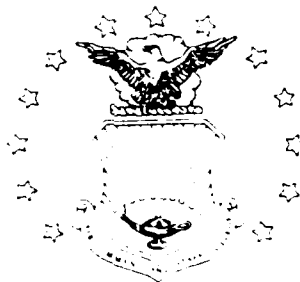
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REPORT NUMBER 88-2455

TITLE SPECIALIZED MANAGEMENT IMPACTS ON AIR FORCE SYSTEMS COMMAND MANNING

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requirements for graduation.

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<p>Specialized management programs, those authorized to use AFR 800-29, <u>Application of Specialized Management</u>, meet many of the goals of those who would reform the acquisition process. Two complementary characteristics of these programs are enhanced security procedures and small staffs. Congress has become concerned about the growing number of classified programs and a lack of oversight. The study evaluates congressional initiatives that may have an impact on manning specialized management programs and forecasts those impacts on Air Force Systems Command manning. The study concludes that increasing manning for specialized management programs in conjunction with decreasing manning levels for the command will pose a challenge for those who manage manpower requirements for specialized management programs.</p>			
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PREFACE

In recent years there have been numerous calls for reform of the weapon system acquisition process. The so-called Carlucci Initiatives of the early 1980s, the Packard Commission, and the 1986 Defense Reorganization Act are the primary examples in this decade. The thrust of these initiatives has been to reduce the reporting chains for decisions and to streamline the process. There is today a group of high priority programs that already meet at least some of the goals espoused by the reformers. In the Air Force, the Secretary has authorized this class of programs to use Air Force Regulation 800-29, Application of Specialized Management. These "specialized management" programs are also classified for the most part. One characteristic of specialized management programs is a small staff with little or no administrative overhead.

Although classified, specialized management programs use streamlined procedures and limited reporting chains called for by reformers, there are also congressional concerns about aspects of their classified nature. The concerns center around growth in the number of these programs, the chance for overruns, and a perceived lack of oversight at all levels. The result has been legislative solutions that reduce streamlined operations and involve more people in the decision-making process. The effect of these solutions on the programs involved is to require additional manpower authorizations to implement the requirements of law.

This research project intends to examine the extent to which manpower authorizations may have to increase to accommodate proposed legislation. With this information those responsible for manpower can start now to plan for the increases.

—ABOUT THE AUTHOR—

Major Randall L. Solleau has over twelve years experience in weapon system acquisition. His initial Air Force assignment was at the Space and Missile Systems Deputy for Intercontinental Ballistic Missiles as project manager for a production program for the Minuteman missile. Following an Air Force Institute of Technology assignment, Major Solleau became the Chief of Satellite Development at the Space Division's Deputy for Defense Support Systems. Prior to attendance at Air Command and Staff College he was Manager for Advanced Aeronautical Systems at Air Force Systems Command Headquarters. Major Solleau graduated from the University of Southwestern Louisiana with a Bachelor of Science degree in Electrical Engineering and from the Air Force Institute of Technology with a Master of Science degree in Systems Management. He is married to the former Debbie Jo Van Blarcum of Washington, DC. They have one son, Michael, aged 10.

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EXECUTIVE SUMMARY

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REPORT NUMBER 88-2455

AUTHOR(S) MAJOR RANDALL L SOILEAU, USAF

TITLE SPECIALIZED MANAGEMENT PROGRAM IMPACTS ON AIR FORCE SYSTEMS COMMAND MANNING

I. Purpose: To examine the key problems and potential solutions for manning programs designated for specialized management.

II. Problem: Specialized management programs use small staffs, reduced reporting chains, enhanced security, and other streamlined procedures in order to field high priority programs quickly. The classified nature of these programs has invited congressional concern because of their growth, the opportunity for undetected overruns and a lack of oversight. Congress has proposed legislation to ameliorate their concerns. This legislation may significantly increase the number of people needed for specialized management programs. Unless the extent of the potential increases in manpower are recognized early and action is taken to prepare for these increases, specialized management programs will be unable to get the top quality people needed for success.

III. Data: Air Force Systems Command will have experienced a loss of over 7000 manpower authorizations between 1986 and 1991, to 52,609. This is before the effects of the announced officer reductions have been considered. At the same time, current projections are for a 566 slot increase in

CONTINUED

specialized management requirements, to 1088. Two legislative initiatives aimed specifically at specialized management programs have the potential to add an additional 360 to 980 authorizations to that total. In the extreme case where Congress effectively eliminates specialized management procedures entirely, the number of manpower authorizations needed to maintain current levels of oversight could double or triple.

IV. Conclusions: Specialized management programs are, and will remain, a small part of Systems Command manning. The real challenge is in the changes that are taking place both in overall command manning and in specialized management manning. In the current environment, a request for additional manpower slots for specialized management programs could be disapproved. Thus, the combined effects of decreasing command manpower and increasing specialized management requirements could be between 7958 and 9578 slots.

V. Recommendations: There are four possible courses of action for Systems Command to take to assure adequate people for specialized management. The most promising action is aggressive use of the Acquisition Career Development Program. By identifying specific slots to be filled from the program's Acquisition Managers List and Senior Acquisition Managers List, specialized management programs can assure access to the top people in acquisition. Another action specialized programs can take is to identify manpower requirements as early as possible. Early identification of requirements will allow those who plan for specialized management manpower to work the problems before programs enter development. There are two other actions the command can take but which require action beyond manpower circles. The first is to extend selected specialized management techniques to standard practice programs. This has the potential to yield manpower savings throughout the command sufficient to accommodate specialized management increases. The final and least desirable recommendation would be for Systems Command to refuse program management when a new program would overextend command manpower.

Chapter One

INTRODUCTION

Over the years Congress, the Executive Branch and public interest groups like the military reform movement have called for basic changes in the weapon system acquisition process. The most recent attempts to "get more bang for the buck" are the 1981 Department of Defense Acquisition Improvement Program (the Carlucci Initiatives), the 1986 President's Blue Ribbon Commission on Defense Management (the Packard Commission), and the 1986 Defense Reorganization Act. These administrative and legislative "solutions" stipulated changes in the process, the organization, and the training of those who run the weapons buying system.

At the same time Congress and various administrations have tried to streamline the vast bureaucratic acquisition system, a small group of programs has been executed using methods that already incorporate some of the principles espoused by the reformers. Efforts like the SR-71 and the U-2 which fall under the informal title of "Specialized Management" programs were successfully conducted with short reporting chains, small design teams, and significant flexibility all aimed at quickly fielding a capability (4:15). Another characteristic of specialized management programs is enhanced security. Most of these programs limit access to those who "must know" any details of the program.

The security aspect of these highly successful programs has become troubling to those responsible for the oversight of the Defense budget. The lack of visibility raises the specter of waste, fraud, and abuse. The proposed solutions to the perception of problems in specialized management have tended to be legislative. If enacted into public law, these proposed solutions must be implemented and in their implementation portend serious difficulties for the future of specialized management programs. Flexibility and security require a few highly motivated, highly capable people; additional oversight and accountability require additional highly motivated, highly capable people. The question remains, where will these people come from and how can we work around a condition of increasing tasks that result from additional oversight and decreasing manpower expected from force reductions?

That is the focus of this research project. In the ensuing pages, we will examine how the manning of specialized management programs differ from those operating under standard Air Force procedures. We will then look at how manning for these special programs is projected to change over the next five years. The next step will examine proposed changes in the weapons procurement process that could impact manning that a personnel specialist must contend

with in trying to man specialized management programs. Finally, we will look at some proposed solutions to the manning problems we have identified and discuss the advantages and disadvantages of each.

Chapter Two

BACKGROUND

THE CALL FOR STREAMLINING

In the 1980's, the Defense Acquisition Improvement Program was the first of the changes instituted to improve the weapon system acquisition process. This program was developed under the auspices of the then Deputy Secretary of Defense Frank Carlucci and became known as the Carlucci Initiatives. The thirty-two separate improvements scheduled to be implemented fell into five areas: promote decentralization and participative management, improve planning and execution, improve industrial productivity, increase readiness, and reduce administrative overhead cost and time (6:54-75). The thrusts toward decentralization and reduced administrative overhead were aimed at a perception that

Certainly, the framework of the existing acquisition process limits the latitude of the program manager in many ... decisions. The Weinburger-Carlucci Initiatives are seeking to alter this framework by attacking the statutory, congressional, and DOD systems which constrain or pre-determine the strategy a program manager can use to achieve the objectives of his program (21:8).

In 1986, the President's Blue Ribbon Commission on Defense Management, the so-called Packard Commission, examined the Defense Department from a broader perspective. Within the overall report, which included recommendations on national security planning, military organization and command, and government-industry accountability, is a separate section on acquisition organization and procedures (1:2). Once again, a senior level commission examined the acquisition process and found changes were needed.

In this case, the panel was outside the Defense Department and developed specific proposals to reorganize the military services acquisition organization by creating an acquisition "czar" and to reduce the reporting chain for managers of large programs. The Packard Commission also addressed the experience of acquisition personnel at both senior and middle management positions. "Each year billions of dollars are spent more or less efficiently, based on the competence and experience of these personnel. Yet, compared to its industry counterparts, this workforce is undertrained, underpaid, and inexperienced. Whatever other changes may be made, it is vitally important to enhance the quality of the defense acquisition workforce..." (6:66).

A unique aspect of the Packard Commission was that they did not feel compelled to limit their recommendations to those the Defense Department could implement. As Deputy Secretary of Defense William H Taft IV writes,

If the commission's recommendations are to be fully realized, the Congress must make changes; not by enacting legislation aimed at the executive branch but by altering the way it conducts its responsibilities for national security. Among changes needed are: reduction of line item decision-making by the Congress; adoption of biennial budgets; and limitation of defense oversight to the committees properly charged with that responsibility.

The Packard Commission makes no more important point in its report than the urgent need for stability in defense policy, programs, and budgets. Such stability is the principal objective of its recommendations in the planning and budgeting areas, and is vital to the success of many reforms proposed in the acquisition area (13:23).

Mr Packard makes one other point in his review of the Commission's recommendations: "Let me stress that none of these recommendations stand alone--they are intended to work together as a package" (1:2).

In summary, there have been two serious studies of the weapon system acquisition process during this decade. Both the Carlucci Initiatives and the Packard Commission recommendations have attempted to attack the structural framework of the acquisition system. The Carlucci Initiatives were aimed at decentralization of the process, allowing the program managers to be the masters of their fate. The Packard Commission recommendations were aimed at reducing reporting chains, enhancing the quality of the personnel, and at congressionally induced instability. The Carlucci Initiatives were implemented administratively within the Defense Department. Many of the Packard Commission recommendations were put into law in the 1986 Defense Reorganization Act. Among those changes were the establishment of the position of Undersecretary of Defense for Acquisition and a series of Acquisition Executives intended to limit the reporting chain for certain large programs. Congress also mandated the elimination of what was perceived to be duplication of tasks between the service secretaries and the military headquarters staffs. However, Congress has yet to adopt any of the recommendations suggested for the legislative branch. The one area the Congress does seem interested in pursuing is the biennial budget and the Defense Department did in fact submit a Fiscal Year (FY) 1988/1989 Budget on an experimental basis.

THE SPECIALIZED MANAGEMENT PROGRAM

In the Air Force today, there exists a management structure and a series of programs that meet some of the objectives espoused by both the Carlucci Initiatives and the Packard Commission. These programs are authorized to use

Air Force Regulation 800-29, Application of Specialized Management. What does the concept of specialized management do for the program manager? It is "a system designed to cut through red tape and enable selected people to bypass routine management requirements, some staff, and get on with the task at hand..." (4:15). Latitude in decision-making, small staffs, limited reporting, flexibility, and responsiveness characterize these programs. An obvious question is why all Air Force programs are not authorized to use specialized management procedures. The answer lies partially in the nature of the programs that are selected and partially in the very characteristics of specialized management.

"Specialized management procedures routinely have been used when security was paramount and the need-to-know was to be limited under special-access-required classification procedures" (4:15). The types of programs authorized specialized management are time critical, intelligence, electronic warfare or other technologically sensitive efforts. Among the techniques AFP 800-29 authorizes is the use of enhanced security procedures. The decision to classify a program and place special access controls on it is a decision to limit the number of people who know of the program or any depth of information about the program. It is possible to have classified programs not authorized specialized management or unclassified programs that are authorized specialized management. However, the characteristics of specialized management programs (small staffs, reduced reporting) marry well with the requirements of classified programs (limited access). For the purpose of this study, the two are treated synonymously.

The limits on who will have knowledge of one of these programs means the normal staff functions which comprise the corporate knowledge at a product division (a functional grouping of programs, e.g. Aeronautical Systems) or major command will be severely restricted. However, the functions that any acquisition program conducts must still be performed. As a result, the relatively limited number of people who are part of the program must have the authority to make decisions and the flexibility to choose those people or agencies who can make a direct contribution to program success. Clearly, not all Air Force programs require the special access controls associated with highly classified programs. As a result, normal Air Force staff reviews at the various headquarters levels provide careful deliberation before decisions are made on standard practice programs.

The second factor that limits the application of specialized management to all Air Force acquisition programs is the nature of the small staffs that characterize these programs.

One critical element of a specialized management program is the great reliance on the integrity of handpicked [sic] individuals within these small select program offices--at all levels. When a professional knows there will be minimum oversight, integrity becomes an important factor. The opportunity to take advantage of this system is evident (4:16).

The point to emphasize is the tendency to hand pick individuals to join a specialized management program office. The people who are picked to work in these offices are people who have worked in similar offices before, people who are known to those hiring for the office or people who have appropriate security clearances. In any case, the requirement to work relatively unsupervised and make decisions that may not be extensively reviewed demands people who are experienced and have proven their competence. Hand picking people for a small group of programs becomes increasingly difficult as the number and size of programs grows. There is evidence to show there has in fact been growth in the number of classified programs and that Congress has become concerned over an increasing budget expended on programs with little oversight.

CONGRESSIONAL CONCERNS

Congressional concerns surrounding classified, specialized management programs seem to center on the growth in the number of classified programs. This growth manifests itself in the size of the classified budget. Two related concerns are the perception that the Department of Defense can hide excessive cost overruns and performance failures behind the screen of secrecy and a lack of adequate oversight over these programs at all levels.

The Washington Post has reported the FY 1988 request for classified programs is an estimated \$25 billion (3:A5). This comprises some eight percent of the overall President's Budget of \$312 billion for defense. While it is hard to establish a right level for classified programs, the FY 88 request is large enough to generate special interest by the press and Congress. In fairness, we should note that the FY 87 request was \$23 billion and that the Defense Budget Project reports that the level associated with classified programs "seems to be leveling off" (3:A5). By inference, heavier growth occurred in earlier years. However, evidence seems to indicate that the current administration, at least, will emphasize so-called stealth weapons. Further, one consequence of this emphasis is the "secrecy cloak" (15:A5). If so, large classified budgets will continue to be a part of the defense budget.

Allegations of cost overruns associated with classified programs are specifically aimed at the Advanced Technology Bomber (ATB). Even General Welch, Air Force Chief of Staff, has been quoted as saying early development costs are higher than expected (although he does not foresee an overall increase) (12:A7). As a result, the House has taken action on an "ATB Competition Amendment" that would require the Department of Defense establish a means of introducing competition into the program. That amendment would also require semi-annual Selected Acquisition Reviews to the Congress on the ATB, Advanced Cruise Missile, and the Advanced Tactical Aircraft (all classified programs) (8:228). Initially, the Congress talked of a second production line for the ATB, which the Air Force and RAND Corporation oppose (5:3). Thus, the result of the alleged cost overruns has been a proposed legislative solution.

The Department of Defense has been criticized in its management of classified programs. In 1986, the Lockheed Chairman, Lawrence O Kitchen, acknowledged in a congressional hearing that thousands of secret and top secret documents were missing from the Lockheed Corporation's Skunk Works (10:A17). One result of that incident was the establishment of a special cadre of the Defense Investigative Service to monitor tighter controls over all classified programs (9:D1). When, on the heels of the Lockheed affair, a Northrop engineer with a Top Secret clearance was found to have an extensive criminal record, Representative John Dingell (D-Michigan) charged that classified programs were "out of control" (11:F1).

How do other Congressmen see growth in classified, specialized management programs? Senator Sam Nunn (D-Georgia), as chairman of the Senate Armed Services Committee, has been quoted as saying, "The procurement process in the Pentagon has become so onerous that there is a tendency to go 'black' more than they should. There needs to be rigorous scrutiny and there ought to be a caution light on black programs" (3:A5). In this quotation, we see a dilemma associated with classified programs. The complexity of the procurement process drives the Pentagon toward classified programs, but the very tendency to "go black" creates the perception of a need to carefully review them.

Congressional solutions tend to be legislative as in the case of the ATB Competition Amendment. In fact, three related bills have been introduced whose stated purpose is to increase the level of oversight for all classified programs. These bills will be examined in further depth in Chapter Four.

THE CHALLENGE FOR PERSONNEL MANAGEMENT

Congressional concerns and acquisition streamlining, classification and specialized management--these are issues at the highest levels of government. In the end, though, these programs are executed in the field by program offices. These offices range from as few as five people to hundreds. When Congress passes a public law or when the acquisition process is changed by executive order the program office must implement the change. The changes generally add tasks and increase the number of people needed. Over time, this may result in significant challenges for those who manage these programs and for those who must man these programs. The remainder of this paper will focus on the extent of the problem that personnel managers will face in the next five years and on possible solutions. We will examine factors that relate to the growth in the number of programs, legislation that may add additional personnel requirements in order to "answer the mail," and other challenges that are inherent in running a restricted, classified program under specialized management rules.

LIMITATIONS AND ASSUMPTIONS

There are constraints that limit the scope of the research. These limitations pertain to the classified nature of many of the programs involved and the availability of relevant data.

Specialized management is authorized in a program's Program Management Directive. The decision to use AFR 800-29 is based on a determination that there are compelling reasons to authorize the additional flexibility. As described before, it is not necessary that the program be classified in order to be authorized specialized management procedures. Unfortunately, within the time and data it was impossible to review all Program Management Directives for the use of AFR 800-29. Moreover, as a practical matter high priority unclassified programs receive too much public scrutiny to be allowed to deviate from normal procurement rules. Similarly, low priority programs by definition will be given full reviews. That leaves classified programs. For the purpose of this research, we will treat classified programs and specialized management programs synonymously.

Only Air Force Systems Command programs will be considered. The reasons for this limitation are related to the availability of data and security. Program manning for classified programs is often classified. By considering a collection of programs under major command sponsorship, without reference to the number of programs involved, allows treatment in an unclassified report. To go beyond Systems Command programs would require an aggregation of data at a level that would again be sensitive.

There is little published about specialized management or the specific programs that are authorized to use AFR 800-29. Some data was provided by HQ AFSC and has been incorporated. However, much of the data is based on newspaper articles and much of the analysis is based on the experience of the author.

Chapter Three

THE MANNING SITUATION

In this chapter, we will examine the manpower authorization situation in Air Force Systems Command and in specialized management programs within AFSC. This will provide a feel for the size of the challenges that face AFSC in general and those who manage manpower for specialized management programs within the command. The final section will compare two similar programs, one specialized management and one standard practice, at similar points in their life cycle. The differences between the two are the result of the special procedures that were authorized in the one case. Chapter Four will examine the possible manpower effects of two congressional initiatives aimed at specialized management programs. As legislation removes the advantages of specialized management, the number of manpower authorizations required for that program will increase. This in turn will impact on the current estimates of command manpower.

AIR FORCE SYSTEMS COMMAND MANNING

Table 1 shows the AFSC manpower authorization status as of 31 January 1986 and 30 September 1987. It includes officer, enlisted, and civilian employees.

Status As Of	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
31 Jan 86	59101	60125	60706	60454	60231	
30 Sep 87		53200	52919	52597	52513	52069

TABLE 1
AFSC MANPOWER AUTHORIZATION STATUS

Between the 1986 and 1987 status reports, AFSC suffered a significant drop in manpower authorizations. The decrease amounted to 11.5% in Fiscal Year 1987 and over 12.5% thereafter. The decrease is primarily in civilian slots and is attributed to budget cuts. It does not incorporate the effects of the congressionally mandated six percent cut in officer strength. The officer reductions have not, as of this writing, been finalized and allocated to the major commands.

AFSC SPECIALIZED MANAGEMENT MANNING

Table 2 shows the AFSC manpower authorization status as of 30 September 1987 for Fiscal Years 1986 and 1991.

	FY 86	FY 91
Officer	89	202
Enlisted	28	763
Civilian	50	123
Total	322	1088

TABLE 2
AFSC SPECIALIZED MANAGEMENT MANPOWER AUTHORIZATION STATUS

The manpower authorizations (or slots) were based on the specialized management procedures in effect at the time the slots were requested (FY 1986). This was before the current calls for additional oversight. As a result, the figures do not include additional slots that would be required to perform tasks like ATB competition or detailed Selected Acquisition Referrals. Even so, manpower authorizations for specialized management programs as forecast in 1985 are projected to double between 1986 and 1991. An additional 566 hand-picked individuals with the experience to work in a minimum oversight environment must be assigned to specialized management programs.

Over the same period specialized management slots will double. AFSC slots are projected to drop from 39101 slots to 52069. Where specialized management comprised less than three-fourths of one percent of the command's slots in 1986, it will grow to nearly two percent in 1991.

While the proportion of authorizations is not large in either 1986 or 1991, the changes represent some challenges for the manpower specialist. First, can the additional 566 people be brought into specialized management programs in a timely fashion, given the enhanced security that surrounds these programs? Second, will the specialized management programs be able to continue to hand-pick their people? Stated another way, will these programs be able to tap the top two percent of the command? If so, will standard practice programs, some of which are also top priority efforts (Peace-keeper, for example) be penalized? The answers will be considered in Chapter Five.

SPECIALIZED MANAGEMENT VERSUS STANDARD PRACTICE PROGRAM MANNING

One characteristic of specialized management programs is a small staff. In an attempt to quantify the difference between manning a specialized management program and a standard practice program, HQ AFSC XPM provided data on two similar programs. One program was an unclassified program using standard acquisition procedures. The other was a classified program authorized to use AFR 800-29 procedures. The programs' missions were

sufficiently similar to provide a good comparison. In addition, the comparison was made at equivalent points in their respective life cycles. The programs identified and specific numbers of slots are not of use to the analysis. The results of the comparison showed the specialized management program was conducted with 30 percent of the slots required by the standard practice program.

Two other studies describe the smaller staff required by specialized management programs. In one, the author stated that some classified programs required one third the people of normal programs (4:16). In the second study, the author stated, in the case of two specific programs, the service management team was usually limited to a program manager, contracting officer, chief engineer, and possibly test and logistics elements (2:47). While this describes a small office, it does not give a basis for comparison with standard practice programs.

While many sources describe the smaller staffs associated with specialized management programs, there is very little information on the extent of manpower savings. From the limited sources available, it appears specialized management programs are conducted with one third to one half the people required by standard programs.

SUMMARY

AFSC has reduced its manpower authorizations by 7032 slots from Fiscal Year 1986 actuals to Fiscal Year 1991 projections. This does not include the effects of the congressionally directed officer reduction. Over the same period AFSC specialized management slots will increase by 566 slots to 1,194, more than double the Fiscal Year 1986 level. Finally, specialized management programs conducted under AFP 800-29 procedures require one third to one half the people of standard programs.

To the extent specialized management programs are subjected to additional oversight and reviews, the manpower savings will be reduced. In the extreme, should AFP 800-29 procedures be effectively eliminated, an additional 1,194 slots would be required at the same time the command is trying to eliminate over 7000 slots. The prospect of additional oversight will be explored in the next chapter.

Chapter Four

POSSIBLE EFFECTS OF LEGISLATION

Previously, it was stated that congressional solutions to problems in the acquisition system tend to be legislated. For example, in 1984 there were some 140 proposed laws that, if passed, would have affected the systems acquisition process (7:36). While specialized management programs are accorded much flexibility, they must comply with public law.

Many of the laws that are passed each year levy new certifications or tasks. An example was the Defense Procurement Reform Act of 1984 (Title XII of Public Law 98-525). It requires certification that the cost of spare parts bought non-competitively for military equipment are no higher than the cost to the public (unless specifically justified). However, when legislation such as this is passed, manpower authorizations are generally not adjusted to accommodate these added tasks. Since this problem affects all acquisition programs, only legislation that specifically affects specialized management programs was considered.

In the past year there have been two congressional initiatives that directly affect classified, specialized management programs. The first initiative is a trio of bills introduced in the House of Representatives whose stated purpose is to improve oversight of "black" programs. The second initiative is the ATB Competition Amendment which directs the Department of Defense establish a means of introducing competition into the contracting process (8:228). In this chapter each of these initiatives will be examined for possible impacts on specialized management program manning.

DEFENSE BLACK PROGRAMS OVERSIGHT ACT

House Resolutions (HR) 1585, 1586, and 1788 are a trio of bills directly aimed at classified, specialized management programs. The bills are substantively the same. Their purpose is "to improve Congressional [sic] oversight of defense programs treated in a manner designed to conceal the existence or scope of the program (commonly referred to as 'black programs') (19:1). The main differences between them is the vehicle for consideration. HR 1585 would amend Title 31 of the United States Code, HR 1586 is a separate bill, and HR 1788 would amend Title 10.

These bills would require the Secretary of Defense to identify the amount of each defense budget requested for these programs and, on a one time basis, the amount requested and appropriated in each of the five previous years. Further, the Secretary is required to justify every concealed program to the

chairman and ranking minority members of the defense committees. The defense committees are defined as the House and Senate's respective Armed Service Committees and the Defense Subcommittees of their Appropriations Committees. Other provisions require the Secretary to answer questions about programs raised by any member of the defense committees and to report on the criteria used to designate programs to be treated in a concealed manner.

These bills will have minimal impact on manning of specialized management programs, especially within Air Force Systems Command. The bills' provisions require budget data already available at the Air Staff and Office of the Secretary of Defense. Proposals to designate programs for specialized management, which include the enhanced security measures, must be justified to the service secretary or higher. Those justifications could be made available to Congress. Similarly, programs today are subject to congressional inquiries, so that provision will not affect current conditions. The final provision of the bills that requires a report on the criteria used to designate programs is also a service secretary or higher responsibility that would not affect Systems Command.

In summary, HR 1585, 1586, and 1788 would provide Congress with additional information on classified, specialized management programs but would have little or no impact on Systems Command manning. The same cannot be said for the other congressional initiative.

COMPETITION AMENDMENT

The House of Representatives has approved an amendment to inject competition into the Advanced Technology Bomber. The House set aside \$100 million for that purpose. The amendment would also require semiannual Selected Acquisition Reviews on several classified, specialized management programs (8:228).

Injecting competition into a program can range from a complete second production line to competition at the component level. Both types of competition would increase Systems Command manning in order to maintain current levels of government oversight.

In the case of a second production line, program office manning would nearly double. Manpower savings (compared to two completely separate programs) would occur at management levels and, perhaps, in engineering. If the government has or could buy the technical data package it could be turned over to another contractor for production. In theory, the research and development would be complete. In reality, technical data packages often have gaps and include processes unique or proprietary to the original contractor. As a result, significant engineering would be required. Other areas, such as production, would double current levels. Overall, one would reasonably expect a second production line to increase program manning to 1.9 times current levels. The determination of a multiplier is dependent on the product division, the organization within a specific program office, and when

competition is introduced in the program's life cycle. In this case it is based on the author's experience in both research and development as well as production program offices in four different product divisions.

In the more limited case of component level competition, additional manning would be required in engineering (to review new designs), production (to qualify new vendors), projects (to manage the effort), contracting (to implement the competition), logistics, and program control. The amount of the increase depends on the number of components competed. This can be a significant activity since 75% to 85% of the cost of a weapon system is typically subcontracted. At the program level, manning could increase by one third to implement meaningful component competition.

The last part of the amendment would require a semiannual Selected Acquisition Review on certain programs. This report is a comprehensive cost and status report to the Congress on major acquisition programs. It would require some additional manpower within program control divisions of affected program offices (not all programs meet the cost threshold to be affected). At the Systems Command level, there would be little impact from such a requirement.

Congress is concerned about competition in all programs, not just the ATB. It would be a simple matter for Congress to extend the effects of the competition amendment to all classified, specialized management programs. The rationale would be based on the assumption that competition reduces overall program costs. In this case the impact on Systems Command manning becomes significant. Using the possible manpower increases for the two cases (1.83 and 1.9) and the projected 1991 manpower requirements for specialized management programs (1088) an additional 360 to 980 slots could be required. This is in addition to the currently projected increase of 566 slots between 1986 and 1991, for a net growth between 926 and 1546 authorizations.

The same problems that face the manpower planners trying to accommodate 566 additional slots are exacerbated by legislative initiatives. Again, can the additional people be acquired in a timely fashion? Will the specialized management programs be able to hand pick their people? If so, will other programs be penalized?

SUMMARY

There are two legislative initiatives that could affect specialized management programs. One of these, a competition amendment could have significant impacts on manning within Systems Command if extended to all such programs. In the worst case example, the number of additional slots required for specialized management programs would nearly triple over the five year study period.

Chapter Five

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Manpower authorizations for specialized management programs are a part of Air Force Systems Command manning. Even in the case where large scale reductions are folded into requirements, in 1994, only 1100 more slots were required against a command base of 51,069. Recommendations made here should be seen in that broader perspective of Support Center Command's ability to execute its programs. However, the suggestions do need to be made regarding the manning for specialized management programs.

The real measure of how specialized management programs will impact on the command manning is in the manning of Support Center Command. Where Support Center manpower authorizations are dropping significantly, while specialized management programs are increasing. Between 1990 and 1994, Systems Command manning will have dropped by 7042 slots. The percentage of the slots in 1996 will be gone by 1994, with additional cuts due to further force reductions. Over the same period, requirements to execute specialized management programs will increase by between 420 and 1040 slots. In the current environment a request for additional slots will probably not be approved. As a result the combined effects of decreasing command manning and increasing specialized management requirements would result in between 7000 and 9000 slots.

In the extreme case where specialized management practices are effectively eliminated, the impacts could be even worse. The manpower changes for specialized management were based on the effects of a single amendment applied to all specialized management programs. It is quite possible the expressed concerns of Congress will result in other initiatives that would curtail specialized management programs. If that is described earlier, represents a possible scenario. First, legislation spotlighting this class of manning (Section 2 of the 1994 amended Budget Control Act) that is not only entering into the details of a given program and could be used as the basis for additional legislation restricting or changing the funding of specialized management programs. Second, from Chapter Three specialized management programs are run with between a third and a half of the resources required by standard programs. The cumulative effect of legislative changes could have other further impacts on manning at the command level.

RECOMMENDATIONS

The recommended solutions to the upcoming problems in specialized management manning are directed at assuring the programs have adequate, experienced people. The recommendations are grouped into the following areas: increase manpower authorizations, decrease the number of programs, personnel related solutions, and initiatives to apply specialized management techniques to standard practice programs. The recommendations can be implemented individually or in conjunction with others.

The first recommendation is to increase manpower authorizations for specialized management programs through the manpower Program Objective Memorandum process. If approved, the programs would meet their requirements, in terms of manpower authorizations for proper execution. In the wake of the recent 7000 slot reduction and upcoming officer force reductions it is not likely these requests will be approved. Still, when forces external to the command (e.g. Congress) direct changes to the acquisition process that add manpower requirements then Systems Command should inform the Air Staff of those impacts. Systems Command produces impact statements when higher headquarters direct changes in quantities, budgets or program content; they should do the same for changes in manpower. Even if the manpower requests are approved the question remains whether the people to occupy the slots are available. One possible solution is to recruit from those affected by the 7000 slot reduction. For this to be feasible the manpower specialists will have to examine the time phasing of the command's reduction with the specialized management buildup. They must also examine the specialties involved to match capabilities with requirement. Given these conditions, it appears to be feasible in the event the slots are approved.

The next recommendation is to reduce the number of programs. If a new specialized management program cannot obtain sufficient manpower authorizations for successful execution it puts the program at risk, the operational forces who need the program at risk, and provides additional evidence to Congress that specialized management programs are out of control. Thus, it would be to System Command's advantage to turn down the management of a program that would not be properly manned. There are significant criticisms to refusing a program, however. Operational forces are left without a system to help meet a validated need. The trade must be made between not having a weapon system to meet a threat or investing resources into a system that may turn out inadequate to meet the threat. In the end, a more pro-active approach to determine where manpower authorizations (and people) will come from at program initiation would add to the long term credibility of specialized management practices. Often, the program manager of a specialized management program is faced with too many tasks early on and places determination of manpower requirements at a lower priority. The command should work for earlier identification of manpower requirements rather than refuse program management.

The third area of recommendations relate to the people who fill the slots. If Systems Command cannot change the slots (or get people to fill them), then the command must ensure those who do manage these special programs have the experience and training to execute them successfully. One tool that is becoming available to help in this area is the Acquisition Career Development Program. The program establishes levels of certification based on experience and education. It also establishes an Acquisition Managers List and a Senior Acquisition Managers List to provide a pool of the most highly experienced officers. Another aspect of the program is the identification of slots in the various programs that will be manned by people on the two lists. In order to have access to the top people in the command, specialized management programs should be aggressive in identifying slots for the acquisition managers lists. The Acquisition Career Development Program is limited to officers and applies primarily to those in acquisition management specialties (vice contracting, logistics, financial management, etc.). However, since specialized management programs are high priority programs they should have access to the best people available. The Acquisition Career Development Program can be a useful tool.

The final recommendation is to widen the application of certain specialized management practices to other programs (4:14). The idea is not new. In fact, the basic thrust of acquisition streamlining and the Packard Commission Report is to use techniques currently used by specialized management programs. Successful application of these techniques could have tremendous benefit for Systems Command manpower. All techniques would not apply and the command could not expect to reduce authorizations to one third or one half of current projections. Still, substantial savings are available. Even a ten percent savings in standard practice programs would more than cover the growth expected in specialized management programs. Although this recommendation has the greatest potential benefit, it would be the most difficult to implement. The service secretaries designate specialized management programs. Any initiative to extend a substantial portion of the flexibility such a designation entails to all programs will generate high levels of interest within the Air Staff and the Office of the Secretary of the Air Force.

SUMMARY

This paper has highlighted a specific problem that will soon affect classified, specialized management programs--manpower. The structure of these programs is under active review by the Congress and the press. If legislative solutions to congressional concerns are implemented, one effect will be the need for additional manpower for specialized management programs when overall Systems Command manpower will be decreasing. There are specific actions the command should take to alleviate these conflicting trends. The best courses of action are aggressive use of the Acquisition Career Development Program and earlier identification of manpower requirements. Other possible actions,

which are beyond the purview of the manpower specialty to pursue, include extended use of specialized management techniques or retention of personnel in inadequate or unneeded projects. In each case, activities started in the previous year are continued in the current year.

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